THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION (SHRI PON RADHAKRISHNAN): (a) and (b) DDA has reported that a large number of people live in unauthorized constructions/colonies in Delhi. However, no specific survey has been carried out so far in this regard.

(c) to (f) A proposal for regularization of unauthorised colonies as in existence on 31.3.1993 was received from the Government of NCT of Delhi (GNCTD) in May/June, 1993. While it was being examined, the Delhi High Court in CWP No. 4771/1993-Common Cause (Regd) Society *Vs.* UOI & Ors.-restrained the Government from regularization of any unauthorised colony in Delhi till further orders.

The Government on 18.7.2000 approved the terms and conditions for regularization of unauthorised colonies. Accordingly, guidelines were prepared and filed in the Delh High Court on 20.2.2001.

Hon'ble Court *vide* order dated 27.2.2001 directed the Government *inter-alia* to notify colonies which could be regularized in terms of the guidelines. GNCTD has been requested to furnish the list of such colonies.

Functioning of Municipalities of small and medium towns

125. SHRI N.R. DASARI:
SHRI V.V. RAGHAVAN:

Will the Minister of URBAN DEVELOPMENT AND POVERTY ALLEVIATION be pleased to state:

(a) whether Government are aware that Municipalities in the small and medium towns are facing fiscal stress because of their inability of increase upon their principal sources of revenue; and

(b) if so, the details thereof and the remedial measures proposed to be taken by Government to improve the functioning of the municipalities in the country?

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION (SHRI PON RADHAKRISHNAN): (a) and (b) Municipalities, particularly in small and medium towns were facing fiscal difficulties due to their limited financial

resources as well as limited access to generate revenue. A provision was, therefore made in the Constitution (74th Amendment) Act, 1992 itself for constitution of Finance Commissions at the State level in every five years to review the financial position of the municipalities and make recommendations to the State Government with regard to taxation; sharing of taxes between the State Government and Local Government; principles for governing grant-in-aid; and measures for improving the financial position of urban local bodies. Suitable amendment has also been made to Article 280 of the Constitution to make it mandatory that the Central Finance Commission shall, *inter-alia*, make specific recommendations with regard to measures that are needed to augment the resources of a State with a view to supplementing the resources of municipalities in the State Finance Commission. This amendment has helped setting up of a proper linkage among local bodies, State Government and the Central Government.

The State Governments have amended their Municipal Laws to devolve adequate functional and financial powers to municipalities in conformity with the provisions enshirned in the Constitution (74th Amendment) Act.

However, as per Entry 5 of the State List of the Constitution, 'municipality' is a State Subject. In view of this, it is for the State Governments to take necessary steps in augmenting financial resources of the municipalities and assisting them to come out of the fiscal stress, thereby improving their functioning. Nevertheless, the Government of India have initiated a number of schemes/programmes to bring in fresh breeze of reforms in the urban sector. These include:

- Setting up of Urban Reforms Incentive Fund to provide reform-linked assistance to States with an initial allocation of Rs. 500 crores in the Union Budget 2002-03;
- State-level Pooled Financing Structure to facilitate small and medium size urban local bodies to access capital market for investment in essential municipal infrastructure, development or bankable urban infrastructure projects and introduction of necessary reforms (e.g. tariff & financial) in the urban local bodies;
- Tax-free Municipal Bonds for issue by urban local bodies for

potable water supply, sewerage or sanitation, drainage, solid waste management, roads/bridges/flyovers, and urban transport. In addition, the Central Government has announced tax exemption in case of bonds issued by municipal/local Governments for raising resources for urban infrastructure.

- Setting up of a City Challenge Fund for catalysing city level economic reform programmes.
- Public-Private Participation Guidelines are prepared for providing directions to States and municipalities to manage the process of involving the private sector in infrastructure development.
- The Minsitry issued Property Tax Guidelines in 1988 to all State Governments with the objective of simplification and rationalization of property tax, which is considered as one of the best source of revenue for the urban local bodies. States like Bihar, Madhya Pradesh, Gujarat, Tamil Nadu, Uttar Pradesh and Karnataka are in the process of implementing property tax reforms.

Metro Railway in Hyderabad

126. SHRI C. RAMACHANDRAIAH: Will the Minister of URBAN DEVELOPMENT AND POVERTY ALLEVIATION be pleased to state:

(a) whether the Andhra Pradesh Government has requested the Delhi Metro Rail Corporation to prepare a report for introducing Metro Railway in Hyderabad;

(b) whether State Government has proposed routes for the projects;

(c) if so, the length and alignment of routes; and

(d) the estimated cost of the project?

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION (SHRI PON RADHAKRISHNAN): (a) Yes, Sir.

(b) The routes have been proposed by the Delhi Metro Rail Corporation, based on traffic studies of Hyderabad city.